

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)
)
Inquiry Concerning Deployment of)
Advanced Telecommunications Capability to)
All Americans in a Reasonable And Timely)
Fashion, and Possible Steps To Accelerate)
Such Deployment Pursuant to Section 706)
of the Telecommunications Act of 1996)

CC Docket No. 98-146

REPLY COMMENTS OF GTE

GTE Service Corporation and its affiliated entities¹ (collectively, "GTE") respectfully submit their reply comments in the above-referenced proceeding. The record in this case illustrates how rapidly the broadband market is developing, and how quickly broadband services are being brought to all Americans. The commenters agree in large part that the deployment of advanced telecommunications capability is continuing at a reasonable and timely

¹ GTE Alaska, Incorporated, GTE Arkansas Incorporated, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., GTE West Coast Incorporated, and Contel of the South, Inc., GTE Communications Corporation, GTE Wireless Incorporated, GTE Internetworking, and GTE Media Ventures Incorporated.

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pace, and it is clear from the rapid growth occurring in unregulated areas of the industry that deregulation is the key to achieving the goals of Section 706.

Against this background, GTE responds briefly below to certain issues raised in the opening comments.

The Definition of "Advanced Telecommunications Capability" Should Include Asymmetric Technologies. There is broad consensus that the definition of advanced telecommunications capability should include asymmetric technologies. Parties from various sectors of the industry, including interexchange carriers, incumbent local exchange carriers, and competitive local exchange carriers, have all indicated that the current definition is too restrictive, and does not accurately track the needs and perceptions of the public.²

As these parties note, technological solutions such as ADSL are a vibrant part of the broadband market today, and yet are not counted as advanced telecommunications capabilities because they do not provide symmetric transmission speeds. While some commenters argue that changing the definition at this point would lead to administrative difficulties, any such problems would be small compared to those that would result if the Commission relied on an inaccurate metric in this important area. Ignoring technologies such as ADSL, which the record demonstrates is being deployed at a furious pace, would give the Commission a distorted picture of the availability of broadband, and would make informed decisions about future policy in this area difficult, if not

² See, e.g. Comments of AT&T at 4, Comments of NTCA at 3, Comments of Bell Atlantic at 3, Comments of Northpoint at 6, Comments of SBC at 6.

impossible. The definition proposed by GTE, which would require 200 Kbps downstream and 56 Kbps digital upstream,³ would capture the full range of broadband technologies without extending to services such as dial-up modems, which are clearly outside the market perception of broadband.

Competition in the Provision of Broadband Service is Flourishing. The record also demonstrates that competition in the provision of broadband services is exploding. The claims that CLECs make of being prevented from entering the market by ILEC interference are belied by their own deployment figures, which indicate that these companies are having no difficulty competing in the broadband arena. NorthPoint, for example, which currently serves 23,000 customers, notes that it has raised \$1.2 billion to “fund its aggressive network expansion,” and that the number of homes passed by its network grew from 22 million to 35 million in just four months.⁴ Jato Communications has a similarly “aggressive” plan that forecasts expansion into 50 markets in less than two years.⁵ And the Association for Local Telecommunications Services reports that CLECs have invested over \$30 billion in new networks since 1996, and that they continue to invest at a rate of over \$1 billion *every month*.⁶ CLECs currently

³ See Comments of GTE at 9.

⁴ Comments of NorthPoint at 3.

⁵ Comments of Jato at 2.

⁶ See Comments of ALTS, Attachment A at 1.

provide approximately one-quarter of the DSL lines now in service in the United States.⁷

Deregulation of the ILECs' Advanced Services Offerings Will Speed Deployment of Broadband Technology. The experience of CLECs provides an excellent example of how quickly advanced services can be deployed in a deregulated environment. In fact, these numbers demonstrate that the primary driving force behind the expansion of CLECs has been the flexibility that these companies enjoy due to a lack of burdensome regulation.

The phenomenal growth of the cable modem industry further bolsters this point. Like CLECs, providers of broadband via coaxial cable are free of the regulations that bind ILECs. Because of this regulatory freedom, the cable providers have managed to become the largest providers of residential broadband in the country, while ILECs have had to engage in much slower expansion. This discriminatory, unfair, and inflexible regulatory regime is restraining even more remarkable growth in broadband services and advanced technology.

Broadband deployment would increase dramatically if all players in the industry faced a level, deregulatory playing field. Deregulation of the ILECs' advanced service offerings, through detariffing, elimination of outdated bundling limitations, and removal of the Section 271 restrictions as applied to the RBOCs' interLATA Internet offerings, inevitably would increase the speed of advanced

⁷ *Id.* at Graphic N.

services deployment. In this regard, GTE also supports USTA's request that the restrictions on ILEC ownership of LMDS licenses be allowed to sunset in June 2000.⁸

Increased Regulation of ILECs is Unwarranted and Counterproductive.

Notwithstanding the tremendous success of the CLECs in building out new broadband capability and competing with the ILECs, several commenters assert that there is a need to place additional obligations on ILECs. There has been no evidence presented by any of the CLECs that further regulation of ILECs would do anything other than protect the CLECs' lead in the broadband marketplace. In reality, tightening the regulatory screws under which the ILECs operate would deter investment and violate the deregulatory mandate of Section 706.

Moreover, the measures sought by the commenters already are being considered in other proceedings, and, as GTE has shown in its filings in those proceedings, are contrary to the Act and sound public policy. For example:

- AT&T's call for the Commission to convert UNEs to special access⁹ is currently being considered under the Fourth Further Notice of Proposed Rulemaking, CC Docket Number 96-98. That proposal, if adopted, would cause ILECs to suffer a huge revenue loss and would undermine investment by facilities-based competitive access providers.¹⁰
- The proposals by both AT&T and MCI WorldCom to impose CLEC line sharing on UNE-P elements is being addressed in the Line Sharing

⁸ See Comments of USTA at 2.

⁹ See Comments of AT&T at 20.

¹⁰ See In the Matter of Implementation of Local Competition Provisions of the 1996 Act, Comments of GTE in Response to Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98 (February 18, 2000).

proceeding, as MCI WorldCom itself recognizes.¹¹ As GTE has explained, such a requirement goes well beyond the scope of the ILEC's line sharing obligation.¹²

- MCI WorldCom's suggestion that the Commission grant its petition for reconsideration of the UNE Remand Order as it applies to packet switching is also out of place in this proceeding.¹³ GTE already has shown that a requirement to provide unbundled access to packet switching would violate Section 251(d)(2) of the Act and chill broadband investment by ILECs and CLECs alike.¹⁴

¹¹ See AT&T Comments at 41; see *also* MCI WorldCom Comments at 7,8.

¹² See In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability, Opposition of GTE to Petition for Reconsideration, CC Docket No. 98-147 (March 22, 2000).

¹³ See MCI WorldCom Comments at 6,7.


¹⁴ See In the Matter of Implementation of Local Competition Provisions of the 1996 Act, Comments and Opposition of GTE, CC Docket No. 96-98 (March 22, 2000).

Accordingly, the Commission should dismiss these requests for increased regulation for being outside the scope of this proceeding and inimical to the goals of Section 706.

Respectfully submitted,

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its affiliate domestic companies

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